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Customs Law of the PRC (22 January 1987) [Text: FBIS-CHI-87-026, 9 Feb 87, p K17]

State Council Proposal Requesting the Deliberation of the "Customs Law of the PRC (Draft)" (3 November 1986) [Not translated]

Comrade Zhao Ziyang's Speech at the Spring Festival Gathering (29 January 1987) [Text: FBIS-CHI-87-020, 30 Jan 87, p K4]

State Council Regulations on Furthering Reform of the Science and Technology System (20 January 1987) [Summary: FBIS-CHI-87-023, 4 Feb 87, p K16]

Detailed Rules for Implementation of the Law of the PRC Governing Weights and Measures (1 February 1987) [Text: FBIS-CHI-87-028, 11 Feb 87, p K21]

Detailed Rules for Implementation of Air Cargo Contracts (Approved by the State Council on 8 November 1986)

ILO Convention No 160: Labor Statistics Convention (Adopted by the 71th ILO Congress in 1985) [Not translated]

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ILO Proposal No 171: Proposal on Occupational Health Facilities (Adopted by the 71th ILO Congress in 1985) [Not translated]

Regulations on the Organization of Firefighting Teams in Enterprises and Establishments (Promulgated on 19 January 1987) [Not translated]

Ministry of Finance Measures for Implementing the Provisions on Tax Preferences in the "Provisions of the State Council for the Encouragement of Foreign Investment" (31 January 1987) [Text: FBIS-CHI-87-022, 3 Feb 87, p K22]

PRC Presidential Appointments and Removals (3 and 29 January 1987)

State Council Appointments and Removals (22 November, 9 and 26 December 1986) [Text: FBIS-CHI-87-007, 12 Jan 87, p K26]

Rules on Implementing Air Freight Transport Contracts

40050989b Beijing STATE COUNCIL BULLETIN in Chinese No 2, 10 Feb 87, pp 63-66

[Detailed Rules for the Implementation of Air Freight Transportation Contracts (Approved by the State Council on 8 November 1986 and Promulgated by the General Administration of Civil Aviation on 1 December 1986)]

[Text]

Chapter 1: General Provisions

Article 1. These detailed rules are formulated in accordance with the relevant provisions of the Economic Contract Law of the PRC.

Article 2. These detailed rules shall be applicable to domestic air freight transportation contracts concluded between air freight shippers and juridical persons such as enterprises, rural economic entities, state institutions, establishments and social organizations.

Domestic air transportation contracts concluded by individuals and the self-employed with air freight shippers shall be implemented with reference to these detailed rules.

Provisions regarding the transshipment of military and air cargoes by rail, water, and highways shall be formulated separately.

Chapter 2: The Conclusion and Performance of Freight Transportation Contracts

Article 3. When consigning goods to a shipper, the consigner shall fill out and submit a consignment bill together with the necessary valid documents required by the state departments in charge. The consigner shall be held responsible for the truthfulness and correctness of the contents of the consignment bill.

An air freight transportation contract shall be established once the consignment bill filled out and submitted by the consigner is accepted by the shipper and a waybill is issued by the shipper.

Article 4. If the consigner desires to charter a plane for his goods, he should fill out and submit a charter application. A chartered air freight transportation contract shall be established once the shipper accepts the application and the charter agreement is concluded. The parties to the agreement shall abide by the regulations prescribed by the competent civil aviation authorities for chartered air freight.

Article 5. The consigner shall package his goods in accordance with the standards prescribed by the state authorities in charge; in the absence of uniform prescribed standards, packaging shall be carried out in accordance with the principle of securing the safe transport of the goods and in keeping with the nature of the goods and the conditions of the air carrier. The shipper shall have the right to refuse to undertake the shipment if the goods are not packaged in accordance with the above-mentioned standards.

Article 6. The consigner must clearly indicate on the consignment the point of departure and destination, as well as the name and address of the consigner and the consignee, and clearly mark out the packaging and storage instructions as prescribed by the state.

Article 7. The consigner must take out a transportation policy for his consignment if insurance is required by the state. A system of compensation which combines insurance with responsibility for transportation shall be introduced for goods with a value of over 10 yuan per kg. The consigner may take out his transportation policy when consigning his goods. The specific methods shall be formulated separately.

Article 8. When accepting consignment, the shipper shall examine the consignment bill filled out and submitted by the consigner and shall, if necessary, have the right to unpack the goods and carry out safety inspection jointly with the consigner.

Article 9. For goods requiring special attention and protection during transportation, the consigner shall appoint a supercargo to escort the consignment. The supercargo shall be responsible for the safety of the consignment and shall abide by the relevant regulations prescribed by the civil aviation authorities in charge. The shipper shall assist the supercargo in discharging his duties.

Article 10. Consignments may not carry dangerous goods or goods prohibited or restricted by the state from transportation. Consigners found to have given false information on the contents of his consignment and smuggled the above-mentioned goods shall be dealt with in accordance with the relevant provisions.

Article 11. When consigning his goods, the consigner shall pay freight and other charges at rates prescribed by the civil aviation authorities in charge. Unless otherwise agreed upon by the consigner and the shipper, freight and other charges shall be cleared in full when the shipper issues the waybill.

Article 12. The shipper shall deliver the consignment to the destination in accordance with the place and time prescribed on the waybill. Goods sent to the wrong destination must be transported, free of charge, to the destination stipulated on the waybill. The shipper shall be held responsible for overdue delivery.

Article 13. The shipper shall notify the consignee within 24 hours of the arrival of the consignment. The consignee shall promptly claim the consignment by presenting the bill of lading. The goods shall be kept safe, free of charge, for 3 days from the date following the notification of arrival. The consignee shall have to pay for storage in accordance with the provisions for transportation if he fails to claim the consignment in time.

Article 14. If the consignment is not claimed after a lapse of 30 days from the date following the notification of arrival, the shipper shall promptly contact the consigner and seek his instructions; and if, after a further period of 30 days, the consignment is still not claimed, or the consigner has not given any instructions, the shipper shall have the right to dispose of the goods as nondeliveries in accordance with the provisions for transportation. As regards perishables or goods difficult to keep safe, the shipper may promptly dispose of them as he sees fit.

Article 15. The shipper shall deliver the goods in accordance with the waybill. Should the goods be destroyed or lost, short-loaded, or found to be deteriorated, contaminated, or damaged at the time of delivery, the shipper shall jointly carry out investigation with the consignee and compile a report on the mishap. The consignee shall sign for the goods on the waybill if he does not have any objections regarding the state or weight of the goods, after which the responsibility of the shipper for the transportation of the goods shall be relieved.

Chapter 3: The Modification and Rescission of Freight Transportation Contracts

Article 16. After consigning his goods, the consigner may modify the destination or consignee or request that the goods be returned to the point of dispatch, and the shipper shall promptly deal with the amendment. However, the shipper shall refuse to comply if the amendment requested by the consigner is in contravention of the laws and regulations and the provisions for transportation of the state.

Article 17. The shipper shall promptly consult the consigner or consignee if air freight transportation is affected and modifications need to be made because it is charged with special missions by the state or because of weather conditions.

Article 18. Through mutual agreement by the parties to the contract, or if either party is unable to perform the contract owing to force majeure, the transportation contract may be rescinded before the dispatch of the goods. However, the other party must be notified in good time. When the rescission is suggested by the shipper, he shall reimburse the transportation fees already received; when the recession is suggested by the consigner, he shall reimburse the shipper for expenses already incurred.

Chapter 4: Liability for Breach of a Freight Transportation Contract

Article 19. Goods lost or destroyed, found to be deteriorated, contaminated, or damaged, or which suffered a shortage, from the time they are consigned to the time they are delivered to the consignee or disposed of in accordance with the relevant provisions, shall be eligible for compensation in accordance with the following provisions:

1. Compensation for goods already covered for transportation shall be paid by the shipper and the insurance company;

2. Except where the provisions of Paragraph 1 of this article apply, compensation shall be paid by the shipper in accordance with actual loss of goods. The price at which compensation is calculated shall be stipulated separately by the General Administration of Civil Aviation together with the State Administration of Commodity Prices and the State Administration of Industry and Commerce.

Article 20. If the destruction, loss, shortage, deterioration, or contamination of or damage to the goods is caused by any of the following reasons, the shipper shall not be held liable:

1. Force majeure;
2. Deterioration, loss, damage, or destruction caused by the characteristics of the goods themselves;
3. Defective methods of packaging or quality of containers not readily detectable from the outside;
4. Shortage of contents in a consignment that is perfectly packaged and sealed;
5. Reasonable loss and damage of the goods; or
6. The fault of the consigner or the consignee.

Article 21. If the consigner or consignee can prove that the loss was indeed due to a deliberate act by the shipper, the shipper shall, in addition to making compensation for the actual loss in accordance with the relevant provisions, be fined by the contract administration authorities a sum equivalent to between 10 to 50 percent of the loss.

Article 22. If the goods arrive at the destination after the specified time, the shipper shall have to pay 5 percent of the freight charge for each day overdue in breach of contract damages. Total compensation may not exceed 50 percent of the freight charges. However, the shipper shall not be held liable for overdue delivery caused by weather conditions or force majeure.

Article 23. The consigner shall be liable to pay compensation for losses sustained by the shipper or a third party if he smuggles or conceals dangerous goods among the goods consigned, incorrectly declares the weight of heavy goods, or violates the standards and regulations for packaging.

Article 24. The consignee shall be liable to pay compensation for losses sustained by the shipper or a third party if they are due to the fault of the consignee.

Article 25. To claim damages, the consigner or consignee shall submit his claims in writing to the shipper within 180 days from the date following the filing of the report on the mishap, enclosing the relevant documents. The shipper shall process the claims for compensation filed by the consigner or consignee within 60 days from the date following the receipt of the written claims.

Chapter 5: The Resolution of Disputes Concerning Freight Transportation Contracts

Article 26. If a dispute concerning an air freight transportation contract occurs, the parties shall promptly resolve it through consultation. If consultation is not successful, either party may apply to the contract administration authorities for mediation or arbitration, and may also directly bring a suit in the people's court.

Chapter 6: Supplementary Provisions

Article 27. The General Administration of Civil Aviation shall be responsible for the interpretation of these detailed rules.

Article 28. These detailed rules shall enter into force on 1 July 1987.

PRC Presidential Appointments, Removals
40050989c Beijing STATE COUNCIL BULLETIN in Chinese No 2, 10 Feb 87 p 95

[Presidential Appointments and Removals of the PRC]

[Text] 3 January 1987: Tian Ding [3944 0002] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Islamic Republic of Pakistan.

Wang Chuanbin [3769 0278 2430] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Islamic Republic of Pakistan.

Xue Mouhong [5641 6180 3163] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Kenya and concurrently Permanent Delegate to the UN Environment Program.

Wei Yongqing [5898 3057 3237] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Kenya and concurrently Permanent Delegate to the UN Environment Program.

Li Baocheng [2621 1405 1004] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Kingdom of Norway.

Zhang Yongkuan [1728 3057 1401] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Kingdom of Norway.

Zheng Dayong [6774 6671 1661] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Arab Republic of Yemen.

Li Chengren [2621 2052 0088] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Arab Republic of Yemen.

29 January 1987:

Chen Ziyang [7115 3320 5391] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Portugal.

Lu Jixin [7120 3444 2450] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Portugal.

Dai Shiqi [2071 6108 3825] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Equatorial Guinea.

Liu Fangpu [0491 5364 0944] was removed from the post of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Equatorial Guinea.

Xie Zhenliu [6200 2182 7511] was appointed Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Senegal and concurrently Ambassador Extraordinary and Plenipotentiary to the Republic of Gambia.

Liang Feng [2733 2800] was removed from the concurrent posts of Ambassador Extraordinary and Plenipotentiary of the PRC to the Republic of Senegal and Ambassador Extraordinary and Plenipotentiary to the Republic of Gambia.

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[Text] State Council Circular on the Approval and Circulation of a Report by the State Economic Commission, the Auditing Administration, and the Ministry of Finance on Stopping the Imposition of Charges on Enterprises (15 January 1987) [Not translated]

Report by the State Economic Commission, the Auditing Administration, and the Ministry of Finance on Stopping the Imposition of Charges on Enterprises (Summary) (29 December 1986) [Not translated]

State Council Circular on the Promulgation of the "1987 Treasury Bond Regulations of the PRC" (3 February 1987)

Regulations of the PRC on 1987 Treasury Bonds

Detailed Rules for Implementing the Statistics Law of the PRC (Approved by the State Council on 19 January 1987) [Summary: FBIS-CHI-87-033, 19 Feb 87, p K29]

Circular of the State Council General Office on Summer Time, 1987 (Promulgated on 15 February 1987) [Not translated]

President Li Xiannian's Congratulatory Message to Sri Lanka (6 February 1987) [Summary: FBIS-CHI-87-028, 11 Feb 87, p F2]

Premier Zhao Ziyang's Congratulatory Message to the Fifth Islamic Summit Conference (25 January 1987) [Text: FBIS-CHI-87-020, 30 Jan 87, p A1]

Auditing Administration Circular on Enforcing a Periodical Auditing System for Administrative Units and Institutions (2 January 1987) [Not translated]

Auditing System for Administrative Units and Institutions (Tentative) [Not translated]

Provisions of the Ministry of Foreign Economic Relations and Trade on Purchase and Export of Domestic Products by Foreign Investment Enterprises To Balance Foreign Exchange Accounts (Promulgated on 20 January 1987) [Text: FBIS-CHI-87-018, 28 Jan 87, p K17]

Rules of the Ministry of Foreign Economic Relations and Trade for Foreign Investment Enterprises To Apply for Import and Export Licenses (Promulgated on 24 January 1987) [Text: FBIS-CHI-87-025, 6 Feb 87, p K16]

Provisions for the Disposal of Confiscated Properties and Retrieved Illegal Properties (Promulgated by the Ministry of Finance on 31 December 1986) [Not translated]

Circular on PRC 1987 Treasury Bond Regulations 40050990b Beijing STATE COUNCIL BULLETIN in Chinese No 3, 20 Feb 87 p 102

[State Council Circular on the Promulgation of the "1987 Treasury Bond Regulations of the PRC" (3 February 1987), Guofa [0948 4099] 1987, No 11]

[Text] The plan to continue to issue Treasury Bonds during the Seventh 5-Year Plan period has been examined and approved by the National People's Congress. We hereby circulate the "1987 Treasury Bonds Regulations of the PRC" to you and would like to call your attention to the following:

1. The total value of Treasury Bonds to be issued in 1987 shall remain at 6 billion yuan, of which 2 billion shall be for subscription by institutions and 4 billion yuan shall be for the urban and rural inhabitants.

2. Subscribing for Treasury Bonds in support of national construction is the bounden, glorious duty of all units and the people of all walks of life. In recent years, the level of income of all units and urban and rural inhabitants has gone up following the growth of the economy, but this has not been matched with a corresponding increase in the number of Treasury Bonds issued. Thus, the tasks of subscription assigned to different units and individuals must be fulfilled according to schedule. Such tasks should be assigned in the light of the actual conditions of different units and individuals. Individuals who indeed have difficulties should be assigned a smaller number or not at all.

3. The people's governments at all levels should widely publicize the necessity of continuing to issue Treasury Bonds, make an earnest effort to organize the work well, and ensure the fulfillment of this task in 1987. Units that have performed well should be recommended and encouraged.

4. The issuance of Treasury Bonds involves a wide range of work. All departments concerned should make a concerted effort and work in close coordination to make it a success. Banks at all levels in particular should conscientiously do a good job of the actual issuing of the Treasury Bonds as well as the work of repaying the capital with interest.

PRC Regulations on 1987 Treasury Bonds 40050990c Beijing STATE COUNCIL BULLETIN in Chinese No 3, 20 Feb 87 pp 102-103

[Regulations of the PRC on 1987 Treasury Bond]

[Text] Article 1. In order to appropriately concentrate the financial resources of all quarters to carry out socialist modernization, it is decided that 1987 PRC Treasury Bonds shall be issued for subscription.

Article 2. The targets of the Treasury Bonds shall be: State enterprises, collective enterprises, departments in charge of enterprises and local governments; institutions, organizations, armed forces units and establishments; the self-employed in the industrial and commercial fields; and urban and rural inhabitants.

Article 3. A reasonable method of allocation shall be adopted in the issuing of Treasury Bonds. For the units, the quota shall be set at a given proportion of their extra-budgetary funds or the after-tax profits of collective enterprises; for urban and rural inhabitants, the subscription quota shall be set at a given proportion of their income. Units and individuals shall fulfill the subscription quotas assigned by the state.

Article 4. The total number of Treasury Bonds issued shall be decided by the State Council and issuance shall start from 1 January of the year in question. The deadline for payment for units shall be 30 June for units and 30 September for individuals.

Article 5. The interest rate of the Treasury Bonds: The annual interest on Treasury Bonds subscribed by units shall be 6 percent; and the annual interest on Treasury Bonds subscribed by individuals shall be 10 percent.

Interest on Treasury Bonds shall without exception be payable as of 1 July of the year in question. No interest shall be payable for payments made before they are done.

Interest on Treasury Bonds shall be paid in a lump sum when repayment for capital is made; calculations shall not be based on compound interest.

Article 6. Treasury Bonds shall be calculated in RMB, and the face value shall be in four denominations: 5, 10, 50, and 100 yuan. Units and individuals having subscribed for over 1,000 yuan shall be issued a Treasury Bond receipt and may be registered against loss; individuals having subscribed for less than 1,000 yuan shall be issued the Treasury Bonds.

Article 7. The repayment of the capital of the Treasury Bonds shall be due in 5 years and shall be payable in a lump sum together with interest in the sixth year following the issuance.

Article 8. The People's Bank of China, the Industrial and Commercial Bank of China and the People's Construction Bank of China, together with their subsidiaries, shall be responsible for the issuance of the Treasury Bonds and the repayment of capital and the repayment of capital and interest.

Article 9. Funds raised through the issuance of Treasury Bonds shall be allocated in a unified way by the State Council in accordance with the needs of economic development and overall balance.

Article 10. Treasury Bonds may be mortgaged for bank loans, and Treasury Bonds purchased by individuals may be sold to the bank with a discount. The discount policies stipulated by the People's Bank of China shall be adhered to in the making of specific arrangements.

Article 11. Cases involving the forgery of Treasury Bonds or the discrediting of Treasury Bonds shall be dealt with and punished in accordance with law.

Article 12. The Ministry of Finance shall be responsible for the interpretation of these regulations.

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[Text] Statistics Bulletin by the State Statistics Bureau on National Economic and Social Development in 1986 (20 February 1987) [Summary: FBIS-CHI-87-034, 20 Feb 87, pp K17-K18]

State Council Circular on Promulgation of the "Provisional Rules on the Establishment of Ordinary Institutions of Higher Learning" (15 December 1986)

Provisional Rules on Establishment of Ordinary Institutions of Higher Learning (Promulgated by the State Council on 15 December 1986)

Rules of the State Council on Promoting the Amalgamation of Scientific, Technological, and Design Units Into Large and Medium Industrial Enterprises (20 January 1987) [Not translated]

Circular of the State Council General Office on the Approval and Circulation of a Report by the State Educational Commission and Other Units on the National Conference on Vocational and Technical Education (3 January 1987)

Report by the State Education Commission, the State Planning Commission, the State Economic Commission, and the Ministry of Labor and Personnel on the National Conference on Vocational and Technical Education (3 October 1986) [Not translated]

Rules on the Collection of Maintenance Fees for the Main Navigational Channel of the Chang Jiang (Approved by the State Council on 6 February 1987)

Provisional Regulations on the Control of Foreign Exchange Guarantees Provided by Institutions on Chinese Territory (Promulgated by the People's Bank of China on 20 February 1987) [Text: FBIS-CHI-87-037, 25 Feb 87, p K16]

Provisional Working Rules for Correspondence Education by Ordinary Schools of Higher Learning (Promulgated by the State Education Commission on 7 February)

Joint Communique of the PRC and Belize on the Establishment of Diplomatic Relations (6 February 1987) [Summary: FBIS-CHI-87-028, 11 Feb 87, p J1]

Agreement Between the Government of the PRC and the Government of the Kingdom of Norway on the Mutual Protection of Investments (21 November 1984)

Agreement Between the Government of the PRC and the Government of the State of Kuwait on the Promotion and Protection of Investments (23 November 1985)

Agreement Between the PRC and the Kingdom of the Netherlands on the Mutual Encouragement and Protection of Investments (17 June 1985)

Circular on Rules for Establishing Ordinary Higher Schools

40050991b Beijing STATE COUNCIL BULLETIN in Chinese No 4, 1 Mar 87 p 142

[State Council Circular on the Promulgation of the "Provisional Rules on the Establishment of Ordinary Institutions of Higher Learning" (15 December 1986), Guofa [0948 4099] 1986, No 108]

[Text] The "Provisional Rules on the Establishment of Ordinary Institutions of Higher Learning" are hereby circulated to you and it is hoped that you would implement them in earnest.

Ordinary institutions of higher learning shoulder the important task of training advanced specialized personnel and developing the cause of science, technology and culture. Their development has a vital bearing on socialist modernization in reality, which explains why we must strengthen guidance and management over them in macroscopic terms. It is hoped that when implementing the present rules, all localities and departments concerned would pay attention to summing up experience, steadily raising the level of management, and ensuring the development of our higher education along the correct path with the emphasis on planning, proportional growth, quality, and benefits.

Provisional Rules for Establishing Ordinary Higher Schools

40050991c Beijing STATE COUNCIL BULLETIN in Chinese No 4, 1 Mar 87 pp 143-147

[Provisional Rules on the Establishment of Ordinary Institutions of Higher Learning (Promulgated by the State Council on 15 December 1986)]

[Text] Chapter 1: General Provisions

Article 1. These rules are formulated in order to strengthen the management of higher education in macroscopic terms, ensure the quality of teaching in ordinary institutions of higher learning, and promote the planned and proportionate development of higher education.

Article 2. The ordinary institutions of higher learning mentioned in these rules refer to full-time universities, independently established colleges and tertiary specialized and vocational schools that are mainly targeted toward senior middle school leavers who have passed state entrance examinations.

The establishment of ordinary institutions of higher learning shall be examined and approved by the State Education Commission.

Article 3. The State Education Commission shall, in accordance with the needs of economic construction and social development, the scientific estimations of manpower demand and the actual possibilities for running schools, formulate plans for the development of ordinary institutions of higher learning throughout the country, reform the structure of ordinary higher education, properly handle the relations between the development of ordinary higher education and the development of adult higher education, secondary specialized education and basic education, and reasonably define the specialties and tiers.

Article 4. The State Education Commission shall, in accordance with the training objectives of schools, the need to gear to local needs in the recruitment and placement of students, and the present state of the distribution of ordinary institutions of higher learning,, plan the distribution of such institutions in an overall manner and pay attention to settling up ordinary institutions of higher learning in a planned way in provinces and autonomous regions where the needs for such institutions have increased.

Article 5. Where the demand for trained personnel can be basically met through enlarging enrollment and increasing the number of specialties in existing ordinary institutions of higher learning, undertaking commissioned training, running joint schools, developing adult higher education and other means, ordinary institutions of higher learning shall not be established.

Chapter 2: Establishment Standards

Article 6. Ordinary institutions of higher learning should be staffed with full-time headmasters or presidents and deputy headmasters or vice presidents who have higher political qualities and the ability to run higher education and who have attained the educational background of a university graduate. At the same time, they should be staffed with full-time personnel to take charge of ideological and political work and the running of various departments and specialties.

Article 7. Ordinary institutions of higher learning should, in accordance with the following provisions, be staffed with an appropriate number of qualified teachers for the various specialties and number of students:

1. Universities and colleges, at the time of their initial recruitment, should have at least two full-time teachers above the lecturer grade for each of the compulsory courses on public affairs and basic specialized knowledge; and each of the compulsory specialized courses should have at least one full-time teacher above the lecturer grade. The number of full-time teachers above the associate professor grade should be equivalent to no less than 10 percent of the total number of full-time teachers in the university (college).

2. Tertiary specialized schools and tertiary vocational schools, at the time of their initial recruitment, should have at least two full-time teachers above the lecturer grade for each of the compulsory courses on public affairs and basic specialized knowledge; and each of the major specialized courses should have at least one full-time teacher above the lecturer grade. The number of full-time teachers above the associate professor grade should be equivalent to no less than 5 percent of the total number of full-time teachers of the school.

3. In universities and colleges, the number of part-time teachers should not exceed one quarter of their number of full-time teachers; in tertiary specialized schools, it should not exceed one-third of their number of full-time teachers; and in tertiary vocational schools, it should not exceed one-half of their number of full-time teachers.

Ordinary institutions of higher learning in a few places or in special disciplines that cannot meet the requirements prescribed in paragraphs 1 and 2 for the number of full-time teachers above the associate professor grade must obtain the approval of the State Education Commission before carrying out their initial recruitment.

Article 8. Ordinary institutions of higher learning must have land space and premises that can measure up to their range of courses and scale of teaching in order to ensure that the needs of teaching, livelihood, physical training, and the long-term development of the school can be met. The site and building areas of ordinary institutions of higher learning shall be checked against the planned area for premises of ordinary institutions of higher learning stipulated by the state.

The premises of ordinary institutions of higher learning may be completed in different phases, but the usable area of the premises must be big enough to accommodate the needs of students recruited in any particular year.

Article 9. At the time of their initial recruitment, universities and colleges in the fields of humanities, politics, law, finance, and economy should have no less than 80,000 copies of appropriate books, while those in the fields of science, engineering, agriculture and medicine should have no less than 60,000 copies. For tertiary specialized schools and vocational schools, those in the fields of humanities, politics, law, finance and economy should have no less than 50,000 copies, and those in the fields of science, engineering, agriculture and medicine should have no less than 40,000 copies. They should also be equipped with the necessary apparatus, equipment, specimens, and models in accordance with the nature of their specialties and number of students.

Science, engineering, and agricultural universities and colleges should have the necessary factories and farms (forestry centers) and fixed production bases for on-the-job training; teacher-training universities and colleges should have experimental schools attached or have fixed

schools where their students can go for practice teaching; medical universities and colleges should have at least one hospital attached and a teaching hospital that can meet their needs.

Article 10. Ordinary institutions of higher learning must have a steady and guaranteed source of investment for capital construction and educational outlays needed.

Chapter 3: The Naming of Schools

Article 11. Ordinary institutions of higher learning should be named in a manner that accords with their teaching objectives, disciplines, scale, leadership structure, and location.

Article 12. Institutions must measure up to the following if they are to be called universities:

1. They must be mainly for the training of specialized personnel at and above the level of undergraduates;
2. Among the eight disciplines of humanities (including literature, history, philosophy and fine arts), politics and law, finance and economics, education (including physical education), science, engineering, agriculture, and forestry, and medicine and pharmacy, they must be able to offer at least three disciplines as majors;
3. They must have teaching and research capacity and high teaching and research standards;
4. They must have a projected enrollment of over 5,000 full-time students. In remote areas or in special circumstances, this condition may be waived with the approval of the State Education Commission.

Article 13. Institutions must measure up to the following if they are to be called colleges:

1. They must be mainly for the training of specialized personnel at and above the level of undergraduates;
2. They have one of the disciplines listed under Paragraph 2 of Article 12 of these rules as their major;
3. They must have a projected enrollment of over 3,000 full-time students. However, with the approval of the State Education Commission, this condition may be waived for colleges of fine arts, physical education, and other special disciplines or colleges with special needs.

Article 14. Institutions must measure up to the following if they are to be called tertiary specialized schools:

1. They must be mainly for the training of specialized personnel of a high level;
2. They must have one of the disciplines listed under Paragraph 2 of Article 12 of these rules as their major;

3. They must have a projected enrollment of over 1,000 full-time students. However, with the approval of the State Educational Commission, this condition may be waived for schools in remote areas or schools with special needs.

Article 15. Institutions must measure up to the following if they are to be called tertiary vocational schools:

1. They must be mainly for the training of specialized personnel of a high level;
2. They must mainly serve the cause of vocational and technical education;
3. They must have a projected enrollment of over 1,000 full-time students. However, with the approval of the State Education Commission, this condition may be waived for schools in remote areas or schools with special needs.

Chapter 4: Examination for Approval and Assessment

Article 16. The State Education Commission examines applications and grants approval for the establishment of ordinary institutions of higher learning in the third quarter of each year. Departments in charge of the establishment of ordinary institutions of higher learning should submit their applications prior to the third quarter. Late applications shall be dealt with in the following year.

Article 17. In general, the procedure of examining applications and granting approval for the establishment of ordinary institutions of higher learning is divided into two stages: Approval for preparations to be made, and approval for the initial recruitment. Those that meet all the requirements to go ahead with their initial recruitment may directly apply to do so.

Article 18. Before the establishment of an ordinary institution of higher learning, the department in charge should invite experts from departments of education, planning, manpower forecasting, labor and personnel, finance and capital construction and other quarters concerned to carry out debate and compile a report on the debate.

The report on the debate should include the following:

1. The name, address, disciplines, curriculum, training objective, scale, leadership structure, and recruitment and placement targets of the proposed school;
2. Forecasting on manpower demands, the benefits of running the proposed school, and the distribution of higher education;
3. The source of teachers and funds and the capital construction of the proposed school.

Article 19. If after the debate it is decided that an ordinary institution of higher learning should be established, the people's government of the province, autonomous region or centrally administered city concerned, or the relevant departments of the State Council to which the school is to be subordinated, shall submit an application to the State Education Commission for approval to start preparatory work. The report on the debate should be submitted together with the application.

When relevant departments of the State Council submit their application for approval to start making preparations for the setting up of ordinary institutions of higher learning, they must also enclose the position papers of the people's governments of the province, autonomous region, or centrally administered city where the proposed school is to be located.

Article 20. The time limit for the preparation of the establishment of an ordinary institution of higher learning should be no less than 1 year and no more than 5 years from the date approval is given.

Article 21. If the provisions of Chapter 2 of the present rules are met, an ordinary institution of higher learning which has been given the approval to start preparation may formally apply to the State Education Commission for permission to start their initial recruitment. The application shall be submitted by the people's government of the province, autonomous region or centrally administered city concerned, or the relevant departments of the State Council to which the school is subordinated. The application is to be supported by a report on the progress of preparations.

Article 22. After receiving the application for preparations to be made to set up an ordinary institution of higher learning, or an application to formally start the initial recruitment, the State Education Commission should start carrying out examination and decide whether or not to grant approval for the commencement of preparation or for the formal recruitment of the first group of students.

Article 23. In order to ensure the quality of a newly established ordinary institution of higher learning, the State Education Commission or its commissioned agencies shall carry out assessment and extend recognition to the first group of graduates of this institution.

Article 24. Ordinary institutions of higher learning authorized to be established should, within 10 years of obtaining the approval to formally recruit the first batch of students, have achieved the planned scale already approved and attained the normal staffing

standards and teaching conditions. The State Education Commission or its commissioned agencies shall be responsible for the assessment and checking of these matters.

Chapter 5: Inspection and Handling

Article 25. In the event of any of the following acts of violation of the present rules, the State Education Commission shall order readjustment, reshuffling, cessation of recruitment, or closure on the merits of each case:

1. Giving false information to obtain approval to start preparation for or establish ordinary institutions of higher learning;
2. Commencing preparation or recruitment of the first group of students without approval;
3. Not being in a position to recruit students after the time limit for preparation has lapsed;
4. Not reaching the stipulated standards in the assessment of the first group of graduates;
5. Failing to achieve the planned scale already approved and attain the normal staffing standards and teaching conditions within the prescribed time.

Chapter 6. Supplementary Provisions

Article 26. Ordinary institutions of higher learning which have been established or have changed name prior to the implementation of the present rules should be reshuffled in the light of the present rules. The methods of reshuffling shall be formulated separately by the State Education Commission.

Article 27. The State Education Commission shall be responsible for the interpretation of these rules.

Article 28. These rules shall go into force on the day that they are promulgated.

Rules for Collecting Chang Jiang Channel Maintenance Fees

40050991d Beijing STATE COUNCIL BULLETIN in Chinese No 4, 1 Mar 87 pp 156-158

[Rules on the Collection of Maintenance Fees for the Main Navigational Channel of the Chang Jiang (Approved by the State Council on 6 February 1987 and Promulgated by the Ministry of Communications and Ministry of Finance on 24 February 1987)]

[Text] Article 1. These rules are formulated in order to strengthen the management and maintenance of the main navigational channels of the Chang Jiang, ensure through navigation and navigation safety, and further bring into play the role of navigation along the Chang Jiang in the national economy.

Article 2. Unless otherwise stipulated in Article 3, the following vessels (including rafts) that navigate the main navigational channels of the Chang Jiang between Ibin and Liuhekou shall pay maintenance fees:

1. Vessels of specialized state-owned or collective water transport enterprises;
2. Vessels of enterprises and establishments and of military and political organs; and
3. Vessels of self-employed boatmen (joint operators).

Article 3. The following vessels shall be exempt from maintenance fees for the main navigational channels of the Chang Jiang:

1. Vessels on national defense, public security, fire control, ambulance, flood prevention, and emergency rescue duties, as well as vessels engaged in fishing, drilling, prospecting, quarantine, medical, scientific investigations, training and sports activities;
2. Engineering vessels;
3. Passenger vessels; and
4. Vessels jointly authorized by the Ministry of Communications and the Ministry of Finance to be exempt from maintenance fees for the main navigational channels of the Chang Jiang.

Vessels referred to in items number 1 and 2 under Paragraph 1 of this article shall not be exempt from maintenance fees when they are engaged in business transportation.

Article 4. Maintenance fees for the main navigational channels of the Chang Jiang shall be collected in accordance with the following standards:

1. Vessels engaged in business transportation shall be charged 3 percent of their freight income;
2. Powered vessels engaged in nonbusiness transportation shall be charged in accordance with their horsepower or deadweight tonnage, whichever figure reads higher, at 1.5 yuan a month per horsepower (or ton of deadweight); nonpowered vessels not engaged in business transportation shall be charged in accordance with their deadweight tonnage at 0.5 yuan per ton a month.

Article 5. With regard to maintenance fees for vessels engaged in direct river-sea, sea-river navigation, those operating on a business basis shall be charged in accordance with freight for the trunk section of the Chang Jiang; vessels not operating on a business basis shall be charged in accordance with the provisions stipulated in Paragraph 2 of Article 4.

For vessels engaged in direct tributary-trunk and tributary-trunk-tributary navigation, maintenance fees for the navigational channels shall be charged per round by the shipping (navigational) administration of the place of departure in accordance with local regulations and freight for the whole journey; for vessels engaged in direct trunk-tributary navigation, maintenance fees for the navigational channels shall be charged per round by the Chang Jiang Navigational Administration of the Ministry of Communications in accordance with the present rules and freight for the whole journey.

Article 6. Maintenance fees for the main navigational channel of the Chang Jiang (excluding fees payable for direct tributary-trunk and tributary-trunk-tributary navigation) shall be collected in a unified way by the Chang Jiang Navigational Administration of the Ministry of Communications.

Article 7. Maintenance fees for the main navigational channel of the Chang Jiang shall be put under budgetary administration as income for undertakings.

Article 8. Maintenance fees for the main navigational channel of the Chang Jiang shall be expended exclusively on the maintenance and administration of the navigational channel.

Article 9. If, in violation of these rules, a party does not pay fees for the maintenance of the navigational channels, the unit responsible for collecting the fees may, in addition to pursuing the payment, impose a fine up to the fees at its discretion.

Article 10. In the event of a dispute concerning the implementation of these rules, one must pay the fees decided by the collecting unit before applying to the Ministry of Communications for reconsideration or directly bringing a suit in the people's court.

Article 11. Vessels of various categories may not raise their freight rate on account of the payment of maintenance fees for the main navigational channel of the Chang Jiang.

Article 12. The Ministry of Communications and the Ministry of Finance shall jointly be responsible for the interpretation of these rules; the Ministry of Communications shall formulate the detailed rules of implementation.

Article 13. These rules shall go into effect on 1 March 1987.

PRC, Norway Agreement on Mutual Protection of Investments

40050991e Beijing STATE COUNCIL BULLETIN in Chinese No 4, 1 Mar 87 pp 166-171

[Agreement Between the Government of the PRC and the Government of the Kingdom of Norway on the Mutual Protection of Investments (21 November 1984)—The Contracting Parties Have Informed Each Other of the Completion of Their Respective Domestic Legal Procedures. This Agreement Has Gone Into Effect as of 10 July 1985]

[Text] The Government of the PRC and the Government of the Kingdom of Norway (hereinafter referred to as "the contracting parties"), desiring to develop economic cooperation between the two countries on the basis of equality and mutual benefits, encourage investment by the nationals and companies of one contracting party in the territory of the other contracting party, and create favorable conditions for this purpose,

Have agreed as follows:

Article 1: Definitions

For the purposes of this agreement:

1. The term "investing" means assets permitted by either contracting party in accordance with its laws and regulations, including, in particular:

a. Movable and immovable property and other property rights such as mortgages, pledges, liens, usufruct, and other similar rights;

b. Shares, stock, and debentures of companies or interests in the property of such companies;

c. Claims to money or to any performance under contract having a monetary value;

d. Copyrights, industrial property rights (such as patents, trademarks and external designs of industrial products), know-how, and goodwill;

e. Concessions conferred by law or under contract permitted by law, including concessions to search for and exploit natural resources.

2. The term "returns" means profit, interest, dividends, and other legitimate income yielded by an investment.

3. The term "national" means:

a. In respect of the PRC, natural persons who have PRC nationality under the PRC Nationality Law,

b. In respect of the Kingdom of Norway, natural persons who have citizenship of the Kingdom of Norway in accordance with its law.

4. The term "companies" means:

a. In respect of the PRC, economic bodies incorporated and domiciled in the territory of the PRC in accordance with its laws.

b. In respect of the Kingdom of Norway, juridical persons and sole proprietors domiciled in the territory of Norway, or companies and associations, regardless of whether or not the liabilities of its partners, members or constituents are limited, and regardless of whether their activities are profit-oriented.

Article 2: The Scope of Application of the Agreement

This agreement shall be applicable to investments made by nationals or companies of the PRC in the territory of the Kingdom of Norway in accordance with its laws and regulations, and investments made by nationals or companies of the Kingdom of Norway in the territory of the PRC in accordance with its laws and regulations, both before and after the entry into force of this agreement.

Article 3: Promotion and Protection of Investment

Each contracting party shall encourage nationals or companies of the other contracting party to invest in its territory, and shall admit such investments in accordance with its laws and regulations, while according them fair and equitable treatment and protection. Such investments shall conform with the national goals of the contracting party where they are made, and shall come under the jurisdiction of its laws and regulations.

Article 4: Most-Favored-Nation Clause

1. Neither contracting party shall in its territory subject investments of nationals or companies of the other contracting party to treatment less favorable than that which it accords to investments of nationals or companies of any third country.

2. Nationals or companies of one contracting party, whose investments in the territory of the other contracting party suffer losses owing to war, other armed conflicts, a state of national emergency, or other similar event, shall be accorded treatment no less favorable than that accorded to nationals or companies of any third country as regards the relevant measures taken by the other contracting party.

3. The provisions in paragraphs 1 and 2 of this article shall not apply to:

a. The preference accorded to nationals or companies of any third country by the other contracting party in any existing or future customs union, free trade area, economic community, or international agreement and domestic legislation relating to taxation; and

b. The preference accorded to nationals or companies of any third country for the facilitation of frontier trade.

Article 5: Expropriation

1. If one contracting party is to subject the investments of nationals or companies of the other contracting party to expropriation, nationalization, or similar measures (hereinafter referred to as "expropriation"), it shall only do so under the following conditions:

a. For a public purpose and carried out in accordance with the legal procedures of the land;

b. Nondiscriminatory; and

c. Offer compensation.

2. Compensation shall be made without undue delay and shall be realizable and freely transferable. It shall amount to the value of the investment immediately before the expropriation, and shall include interest until the date of payment.

Article 6: Repatriation of Investment

1. Each contracting party shall, in accordance with its laws and regulations, allow nationals or companies of the other contracting party to transfer in convertible currency and without undue delay the following amounts in connection with investment:

a. Returns, commission, technical aids, and other legitimate income;

b. Proceeds resulting from the total or partial liquidation of an investment;

c. Repayments of loans related to an investment; and

d. The legitimate income of nationals of the other contracting party who are engaged in work related to an investment in the territory of one contracting party.

2. The treatment which one contracting party accords to nationals or companies of the other contracting party under the provisions of Paragraph 1 of this article shall not be less favorable than that which it accords to nationals or companies of any third country.

Article 7: Subrogation

If one contracting party makes payment to its national or company under an indemnity given in respect of an investment made in the territory of the other contracting party, the latter contracting party shall recognize the assignment to the former contracting party the relevant rights of the national or company indemnified and that the former contracting party is entitled to exercise such rights by subrogation. The rights subrogated by the former contracting party may not exceed the rights of the national or company indemnified.

Article 8: Settlement of Disputes Between the Contracting Parties

1. Disputes between the contracting parties concerning the interpretation or application of this agreement shall, as far as possible, be settled through friendly consultation.

2. If a dispute cannot be thus settled within 6 months it shall, at the request of either contracting party, be submitted to an arbitration tribunal.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way: Each contracting party shall appoint an arbitrator, and these two arbitrators shall agree upon a national of a third country which has diplomatic ties with the contracting parties as chairman to be appointed by the contracting parties. The arbitrators shall be appointed within 2 months from the date on which either contracting party informs its counterpart of its intention to submit the dispute to an arbitral tribunal, and the chairman shall be appointed within 4 months.

4. If within the periods specified in Paragraph 3 the appointments have not been made, either contracting party may, in the absence of any other agreement, invite the president of the International Court of Justice to make the necessary appointments. If the president is a national of either contracting party or if he is otherwise prevented from discharging the said function, the vice president or the member of the International Court of Justice next in seniority shall be invited to make the necessary appointments.

5. The arbitral tribunal shall reach its decision by a majority of vote. Such decision shall be binding on the contracting parties. Each contracting party shall bear the cost of its own arbitrator and of its representation in the arbitral proceedings. The cost of the chairman in discharging his arbitral duties shall be borne in equal parts by the contracting parties.

6. The arbitral tribunal shall determine its own procedure.

Article 9: Entry into Force, Duration, and Termination

1. This agreement shall enter into force 30 days from the date when the contracting parties inform each other in writing of the completion of domestic procedures necessary for the entry into force of this agreement.

2. This agreement shall remain in force for a period of 15 years, and shall continue in force until either contracting party gives written notice of termination to the other contracting party at the end of the 14th year.

3. At the end of the 15-year period, either contracting party may notify the other contracting party in writing of its intention to terminate this agreement, but this agreement shall continue in force for another year after the notice of termination.

4. In respect of investments made while this agreement is in force, the other provisions of this agreement shall continue to be in effect for a period of 15 years after the date of termination of this agreement.

Done in duplicate at Beijing on 21 November 1984 in the Chinese, Norwegian, and English languages, all three texts being equally authoritative. In the event of disagreements over interpretation, the English text shall prevail.

For the Government of the PRC

Zhao Ziyang (Signed)

For the Government of the Kingdom of Norway

Kare Willoch (Signed)

Protocol

On signing the agreement between the Government of the PRC and the Government of the Kingdom of Norway concerning the Mutual Protection of Investments, the undersigned plenipotentiaries of the two contracting parties have agreed on the following provisions as an integral part of the agreement.

1. "Investment" as defined in Paragraph 1 of Article 1 shall include investments, under the control of nationals or companies of one contracting party, made by juridical persons of a third country in the territory of the other contracting party in accordance with the laws and regulations of the latter. The relevant provisions of this agreement shall be applicable only when such investments are expropriated by the other contracting party and when the third country is not eligible to or has relinquished its claims for compensation.

2. a. Re "expropriation" as defined in Article 5, if an expropriated national or company of one contracting party considers the expropriation to be in contravention of the laws of the contracting party taking the expropriatory measure, the competent legislative or judiciary authorities of the contracting party taking the expropriatory measure may, at the request of the said national or company, review the case of the expropriation.

b. In the event of disagreement over the amount of compensation, the expropriated national or company of one contracting party may carry out consultation with the other contracting party taking the expropriatory measure.

c. If within 6 months of the commencement of consultation agreement has not been reached, the amount of compensation say, at the request of the expropriated national or company of one contracting party, be reviewed by the competent law court of the other contracting party taking the expropriatory measure or by an international arbitral tribunal.

d. The aforesaid international arbitral tribunal shall be constituted for individual cases in the following way: Each contracting party shall appoint an arbitrator, and these two arbitrators shall jointly appoint as chairman of

the tribunal a national of a third country which has diplomatic relations with the contracting parties. The arbitrators shall be appointed within 2 months of the date on which either contracting party informs its counterpart of its intention to submit the dispute to an arbitral tribunal, and the chairman shall be appointed within 4 months.

If within the periods specified in the aforesaid provision the necessary appointments have not been made, either contracting party may, in the absence of any other agreement, request the president of the Institute of Arbitration of the Stockholm Chamber of Commerce to make the necessary appointments.

The arbitral tribunal shall determine its own procedures with reference to the "Convention on the Settlement of Investment Disputes between States and Nationals of Other States" signed at Washington on 18 March 1965. The decision of the arbitral tribunal shall be final and binding and shall be enforced in accordance with domestic legislation. The arbitral tribunal shall state the basis of its decision and shall give reasons at the request of either contracting party.

Each contracting party shall bear the cost of its own appointed arbitrator and of its representation in the arbitral proceedings. The cost of the chairman in discharging his arbitral duties shall be borne in equal parts by the contracting parties.

3. Other disputes between one contracting party and a national or company of the other contracting party concerning an investment shall be settled through local relief channels in accordance with the laws and regulations of the former contracting party. However, this provision shall not preclude the procedures to be taken by the contracting parties under the provisions of Article 8 in respect of disputes over the interpretation or application of this agreement.

4. This agreement shall also be applicable to investments of nationals or companies of one contracting party in the maritime zones or on the continental shelf where the other contracting party exercises sovereignty, sovereign rights, or jurisdiction.

Done in duplicate at Beijing on 21 November 1984 in the Chinese, Norwegian, and English languages, all three texts being equally authoritative. In the event of disagreement over interpretation, the English text shall prevail. For the Government of the PRC

Zhao Ziyang (Signed)

For the Government of the Kingdom of Norway

Kare Willoch (Signed)

PRC, Kuwait Agreement on Promoting, Protecting Investments

40050991f Beijing STATE COUNCIL BULLETIN in Chinese No 4, 1 Mar 87 pp 171-182

[Agreement Between the Government of the PRC and the Government of the State of Kuwait on the Promotion and Protection of Investments (23 November 1985)—The Contracting Parties Have Informed Each Other of the Completion of Their Respective Domestic Legal Procedures. This Agreement Has Entered Into Force as of 24 December 1986]

[Text] The Government of the PRC and the Government of the State of Kuwait (hereinafter referred to as "the contracting parties" severally and "one contracting party" individually).

Desiring to further increase economic cooperation between the two countries and, in particular, to create favorable conditions for investors of one contracting party to make investments in the territory or maritime zones of the other contracting party;

Realizing that the encouragement and mutual protection of such investments under international agreement will be conducive to the stimulation of business initiative and will increase prosperity in both countries;

Have agreed as follows:

Article 1: Definitions

For the purposes of this agreement:

1. The term "investment," shall include every kind of asset invested by natural persons or juridical persons of one contracting party in the territory and maritime zones of the other contracting party in accordance with the laws and regulations of the latter contracting party before or after the entry into force of this agreement. In addition to this general concept, the term "investment," shall also include:

a. Movable and immovable property and other property rights such as mortgages, liens, pledges, usufruct, and other similar rights;

b. Shares, stock, and debentures of companies or other rights or interests in such companies; loans and debentures issued by one contracting party, or its natural persons or juridical persons, as well as returns put aside for purposes of reinvestment;

c. Claims to money related to an investment or to any performance having a financial value;

d. Copyrights, trademarks, patents, and other industrial property rights, know-how, trade names, and goodwill;

e. Rights conferred by law or contract, as well as concessions and licenses obtained in accordance with law.

A change in the form in which assets are invested does not affect their character as investments, but such change may not contravene the original license for investment.

2. The term "investors" means natural persons or juridical persons with investments in the territory and maritime zones of the other contracting party.

3. The term "natural persons" means natural persons who have nationality of either contracting party in accordance with its laws.

4. The term "juridical persons" means any entity incorporated and acknowledged as a juridical person in the territory of either contracting party in accordance with its laws, including public bodies, institutions, companies, funds, societies, development funds, enterprises, cooperatives, associations, mass organizations, and similar entities, as well as private companies, firms, partnerships, consortiums, and organizations, regardless of whether or not they have limited liabilities.

If a natural person or juridical person of one contracting party has an interest in a certain juridical person incorporated in the territory of a third country, the latter juridical person shall be regarded as a juridical person of the said contracting party if it makes an investment in the other contracting party. However, this provision shall only be applicable when the said third country does not have or has given up the power to protect the aforesaid juridical person.

5. The term "returns" means the amounts yielded by an investment, including, in particular, profit, interest, capital gains, commissions, or fees.

6. The term "host government" means existing or future investments by the governments of one contracting party in its own territory or maritime zones.

7. The term "maritime zones" means maritime or submarine zones where the contracting parties exercise their sovereignty, sovereign rights, or jurisdiction under international law.

Article 2: Promotion and Protection of Investments

1. Each contracting party shall encourage and create favorable conditions for investments in its territory and maritime zones by investors of the other contracting party, and shall exercise power conferred by its laws to admit such investments.

2. Each contracting party shall at all times assure investors of the other contracting party that their investments and returns shall be accorded fair and equitable treatment. Each contracting party shall, in accordance with its laws and regulations, assure investors of the other

contracting party that it shall not take any unreasonable or discriminatory measure to restrict or harm the management, maintenance, use, enjoyment, or disposal, of investments in its territory or maritime zones. Each contracting party shall observe any obligations it may have entered into in documents authorizing an investment by an investor of the other contracting party or in an approved investment contract concluded with an investor of the other contracting party.

3. The contracting parties shall regularly hold consultations on investment opportunities in various economic spheres in their respective territory and maritime zones in order to identify the most profitable areas of investments in the contracting parties, and shall, in accordance with the scope, provisions and conditions as from time to time prescribed by the contracting parties, accord appropriate facilities, stimulation, and other forms of encouragement to such investments.

Article 3: Most-Favored-Nation Clause

1. Neither contracting party shall in its territory and maritime zones subject investments and returns of investors of the other contracting party to treatment less favorable than that which it accords to investments and returns of investors of any third country.

2. Neither contracting party shall in its territory and maritime zones subject investors of the other contracting party as regards their management, maintenance, use, enjoyment, or disposal of investments, to treatment less favorable than that which it accords to investors of any third country.

However, neither this article nor Article 2 shall be construed so as to oblige by legal means one contracting party to extend to investors of the other contracting party the benefit of any favorable treatment, preference, or privilege which it may have accorded to investors of other countries on account of its becoming a party to customs unions or free trade areas, any other agreement or arrangement relating wholly or partially to taxation, or any regional or intraregional arrangements relating to the flow of capital.

Article 4: Compensation for Damages or Losses

1. Investors of one contracting party whose investments in the territory or maritime zones of the other contracting party suffer losses owing to war or other armed conflicts, a state of national emergency, revolt, riot or insurrection in the territory or maritime zones of the latter contracting party shall be accorded treatment no less favorable than that accorded to investors of any third country as regards the compensatory measures taken by the latter contracting party.

2. Without prejudice to the provisions of Paragraph 1 of this article, investors of one contracting party who suffer damages or losses in the territory or maritime zones of the other contracting party resulting from:

a. Requisitioning of their property by its forces or authorities, or

b. Destruction of their property by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation; shall be accorded fair, equitable and nondiscriminatory compensation for the period when their property was requisitioned, or for damages and losses caused by the destruction of their property. Resulting payments shall be made in convertible currency and shall be freely transferable.

Article 5: Nationalization, Expropriation, or Similar Measures

1. a. Investments of physical persons or juridical persons of either contracting party may not be confiscated, expropriated, or subjected to similar measures without an order issued by the competent law court in accordance with the laws in force.

b. One contracting party shall not nationalize, expropriate, or subject to measures having similar effects to nationalization or expropriation investments of physical persons or juridical persons of the other contracting party in its territory or maritime zones except for a public purpose related to its national interests and against fair and equitable compensation, and except when the measure is taken on a nondiscriminatory basis and in accordance with the domestic laws generally in force.

c. Compensation shall be calculated in accordance with the market value of the investment expropriated immediately before the expropriation is announced or becomes public knowledge. If the market value is difficult to determine, compensation shall be calculated in accordance with a widely accepted principle of evaluation and the principle of fairness, taking into consideration capital investment, depreciation, repatriated capital, regenerated value, and other related factors. Such compensation shall include interest from the date of expropriation until the date of payment at a general rate applicable to the currency used in the initial investment. If an investor cannot reach an agreement with the host government as regards the amount of compensation, the case shall be submitted to an arbitral tribunal. The amount of compensation finally agreed upon shall be paid to the investor in convertible currency, and shall be transferable, and shall be made without undue delay.

d. Where a contracting party nationalizes or expropriates the assets of companies, firms, or other commercial organizations or commercial entities incorporated or franchised in its territory under its laws in force, it shall ensure that the shares, stock, debentures, or other rights

or interest held by physical person or juridical persons of the other contracting parties in relation thereof shall be given compensation in convertible currency and the repatriation of such compensation shall be allowed. Compensation shall be determined on the basis of a widely accepted principle of evaluation, such as market value, immediately before the nationalization or expropriation is announced or becomes public knowledge. Such compensation shall include interest from the date of expropriation until the date of payment at a general rate applicable to the currency used in the initial investment.

2. The provisions of Paragraph 1 of this article shall also be applicable to the returns of an investment and proceeds resulting from the liquidation of an investment.

Article 6: Repatriation of Investment and Returns

1. Each contracting party shall, in accordance with its laws and regulations, allow the transfer, in any convertible currency and without undue delay, of the following:

a. The net profit, dividends, commissions, technical aid, technical service charges, interest, and other returns yielded by an investor of the other contracting party from an investment;

b. Proceeds resulting from the total or partial liquidation of an investment made by an investor of the other contracting party;

c. Repayment of a loan which is recognized by the two contracting parties as an investment; and

d. The income of nationals of the other contracting party, and their employees, who are permitted to engage in work related to an investments in its territory or maritime zones.

2. Without prejudice to the general principles of Article 5 of this agreement, the contracting parties undertake to accord the transfer mentioned in Paragraph 1 of this article the same treatment accorded to transfers by investors of any third country pursuant to their investment.

3. For the purposes of this agreement, the rate of exchange shall be determined in accordance with the official rate which coincides with that of the International Monetary Fund; in the absence of such an exchange rate, it shall be fixed in accordance with the official rate of exchange in respect of Special Drawing Rights, or the U.S. Dollar, or any other convertible currency as agreed upon by the contracting parties.

4. Nonetheless, the aforesaid transfer shall be subject to the right of the host government to impose, over and above the exchange control regulations in force, an equitable clause of restriction of up to 6 months for the

purpose of striking a basic balance of the economy; during this period, however, the repatriation of 50 percent of the aforesaid transfer shall be allowed.

Article 7: Subrogation

1. If one contracting party (or its designated agency) makes a payment to its investors under an insurance policy of indemnity given in respect of an investment, or parts thereof, in the territory or maritime zones of the host government, or is exercising by other means any rights of its investors in respect of the aforesaid investment by virtue of subrogation, the host government shall recognize:

a. The rights acquired by the said contracting party (or its designated agency) by virtue of an assignment, insurance policy or other means of subrogation in accordance with laws or legal actions:

b. That the said contracting party (or its designated agency) shall be entitled to exercise the aforesaid rights by virtue of subrogation and shall undertake the obligations related to such rights.

Accordingly, the said contracting party (or its designated agency) shall be entitled, at its own wish, to uphold the same rights as those upheld by the subrogated in the law courts or ad hoc courts under the jurisdiction of the host government or submit the dispute to an arbitral tribunal in accordance with the procedures set out in Article 9 of this agreement.

2. Any payments received by the said contracting party by virtue of subrogation shall be accorded treatment no less favorable than that accorded to payments received by a third country from similar investment activities carried out by its insurer.

Article 8: Settlement of Investment Disputes

1. A dispute or disagreement between one contracting party and investors of the other contracting party concerning an investment made by the said investor in the territory or maritime zones of the former contracting party shall, as far as possible, be settled through friendly consultations.

2. If such a dispute or disagreement cannot be settled in accordance with the provisions of Paragraph 1 of this article within 6 months from the date either party makes the request for a friendly settlement, and if the two parties have not agreed upon any other procedures of settlement, the investor concerned may choose either one or both of the following methods of settlement:

a. File a complaint with and seek relief from the competent administrative authorities or organ of the contracting party where the investment is made; or

b. Bring a suit in the law courts under the jurisdiction of the contracting party where the investment is made.

3. Disputes concerning the amount of compensation and other disputes which both parties have agreed should be submitted to an arbitral tribunal may be submitted to an international arbitral tribunal.

The aforesaid international arbitral tribunal shall be constituted for each individual case in the following way: Each contracting party shall appoint an arbitrator. These two arbitrators shall jointly appoint as chairman a national of a third country which has diplomatic ties with the contracting parties. The arbitrators shall be appointed within 2 months from the date on which a party to the dispute informs its counterpart of its intention to submit the dispute to an arbitral tribunal, and the chairman shall be appointed within 4 months.

If within the periods specified in the preceding paragraph an appointment has not been made, either contracting party may, in the absence of any other agreement, invite the president of the Institute of International Arbitration of the Stockholm Chamber of Commerce to make the necessary appointment.

The arbitral tribunal shall determine its own procedures with reference to the "Convention on the Settlement of Investment Disputes between States and Nationals of Other States" signed in Washington on 18 March 1965 or the Arbitration Rules of the UN Commission on International Trade Law.

The arbitral tribunal shall reach its decision in accordance with the provisions of this agreement, relevant domestic laws, agreements concluded between the contracting parties and general principles of international law.

The arbitral tribunal shall operate in a third country agreed upon by the parties concerned. If the place is not selected within 45 days from the date the last arbitrator of the tribunal was appointed, it shall meet in Stockholm. The arbitral tribunal shall reach its decision by majority vote. The decision shall be final and binding on both parties.

The arbitral tribunal shall state the legal basis of its decision and give reasons at the request of either party.

Each party shall bear the cost of its own arbitrator and of its representation in the arbitral proceedings. The cost of the chairman and the remaining costs shall be borne in equal parts by both parties.

4. In addition to the aforesaid provisions of this article, disputes between investors of one contracting party and investors of the other contracting party where the investment is made may be settled through international arbitration in accordance with arbitral clauses concluded by both parties.

5. Neither contracting party may, before the termination of the arbitral proceedings and before one contracting party fails to abide by or act on the decision of the arbitral tribunal, pursue through diplomatic channels a case which has already been submitted to an arbitral tribunal.

Article 9: Settlement of Disputes Between Contracting Parties

1. In the event of a dispute concerning the interpretation or application of this agreement, the governments of the contracting parties shall strive to settle it through negotiation or mediation.

2. If the dispute cannot thus be settled, it shall upon the request of either contracting party be submitted to an arbitral tribunal in accordance with the provisions of this agreement.

3. The arbitral tribunal shall be constituted in the following way: Within 2 months of receiving the request for arbitration, each contracting party shall appoint its arbitrator. These two arbitrators shall then select a national of a third country as chairman of the arbitral tribunal (hereinafter referred to as chairman). The chairman shall be appointed within 2 months of the appointment of the other two arbitrators.

4. If within the periods specified in Paragraph 3 of this article either party has not appointed its arbitrator, or if the two arbitrators have not come to an agreement concerning the appointment of the chairman, the president of the International Court of Justice may be invited to make the appointment. If the president is a national of either contracting party or if he is otherwise prevented from discharging the said function, the vice president shall be invited to make the appointment. If the vice president, too, is a national of either contracting party or if he is otherwise prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either contracting party shall be invited to make the appointment.

5. The arbitral tribunal shall reach its decision by majority vote. Such decision shall be binding. Each contracting party shall bear the cost of its own arbitrator and legal consultant in the arbitral proceedings; the cost of the chairman and the remaining cost shall be borne in equal parts by the contracting parties. The arbitral tribunal shall determine its own procedure.

Article 10: Relationship Between the Contracting Parties

The provisions of this agreement shall be applicable regardless of whether or not diplomatic or consular relations exist between the contracting parties.

Article 11: Other Regulations and the Application of Special Franchise

1. If a matter is at once subject to the jurisdiction of this agreement and another agreement to which both contracting parties are party, or the legal principles which both contracting parties acknowledge, or the laws of the host government, this agreement may not prevent an investor who has investment in the territory or maritime zones of the other contracting party from opting for those provisions that are more favorable to him.

2. In respect of investments made under a special franchise granted by one contracting party to investors of the other contracting party, if the said special franchise contains provisions more favorable than that accorded by this agreement, without prejudice to the provisions of this agreement the conditions of the special franchise shall prevail.

Article 12: Entry Into Force

This agreement shall enter into force from the date on which the contracting parties inform each other of the completion of domestic procedures necessary for the entry into force of this agreement.

Article 13: Duration and Termination

1. This agreement shall be in force for 20 years, and shall continue in force unless one contracting party informs the other contracting party at the end of the first 19 years of its intention to terminate this agreement. The notice of termination shall enter into force 1 year after its receipt by the other contracting party.

2. In respect of investments made before the entry into force of the notice of termination of this agreement, the provisions of this agreement shall, with appropriate adjustments, continue to be in effect for a period of 20 years after the date of termination of this agreement.

In witness whereof the undersigned, duly authorized thereof by their respective Governments, have signed this agreement.

Done in duplicate at Kuwait on 11 March 1406 of the Muslim calendar, or 23 December 1985 of the Christian calendar, in the Chinese, Arabic, and English languages, all three texts being equally authoritative. In the event of disagreement, the English text shall prevail. For the Government of the PRC

Yao Yilin (Signed)

For the Government of the State of Kuwait

Jassim Mohammed al Kharafi (Signed)

Protocol

On signing the agreement between the Government of the PRC and the Government of the State of Kuwait on the promotion and protection of investments and undersigned plenipotentiaries of the two contracting parties have agreed on the following provisions as an integral part of the agreement:

1. Re Article 2:

Investors of either contracting party shall be entitled in the host country to apply from the relevant authorities of the host country appropriate facilities, stimulation, or other forms of encouragement (including in particular tax exemption and reduction) in accordance with the laws and regulations of the host country or the scope, provisions, and conditions as from time to time prescribed in agreements between the contracting parties.

2. Re Article 3:

a. All activities in respect of the purchase, sale, and transportation of raw materials and supplementary materials, energy resources, fuel, and production and operating tools shall be accorded treatment no less favorable than that accorded to investors of a third country. The normal running of these activities shall not be impeded provided that they abide by and are carried out in accordance with the laws and regulations of the host country and the provisions of this agreement.

b. The host country shall accord nationals of the contracting party who are permitted to work in its territory or maritime zones appropriate material support so that they can perform their functions.

c. The contracting parties shall, in accordance with their domestic laws, review with the best intentions applications submitted by nations of one contracting party and their employees for entry and for residence, work and travel in relation to investments in the territory or maritime zones of the other contracting party.

3. Re Article 4:

The principle of nondiscrimination applicable to compensation resulting from incidents specified in Paragraph 2 of Article 4 of this agreement shall be applicable to all investors irrespective of their nationality.

4. Re Article 5:

If the initial investment was made in U.S. dollars, compensation shall include interest payable at the current interbank lending rate of the Bank of London from the date nationalization, expropriation, or other similar measures was carried out to the date of payment.

5. Re Article 6:

Transfer as referred to in Article 6 of this agreement shall, in respect of Kuwaiti investors, be made from their foreign exchange deposit accounts opened in the PRC in accordance with the Foreign Exchange Control Regulations of the PRC.

If an investor of the State of Kuwait does not have sufficient foreign exchange for transfer, the PRC Government shall under the following conditions provide the foreign exchange for transfer:

a. Payments to investors of the State of Kuwait for copyrights, trade marks, patents, and other industrial property rights, know-how, trade names, technical assistance and technical service in respect of an investment;

b. Proceeds resulting from the total or partial liquidation of an investment made by an investor of the State of Kuwait and compensation referred to in paragraphs 2 and 5 of Article 4 of this agreement;

c. Amount in Paragraph 1 c. of Article 6 of this agreement if it has been guaranteed by the Bank of China;

d. Returns on an investment made by an investor of the State of Kuwait in a project which has special approval from the competent state organ of China for the sale of its products on the domestic markets of the PRC;

e. Income of employees who have been permitted to work for a Kuwait investor in an investment in the territory or maritime zones of the PRC.

6. Re Article 8:

a. Disputes that may be submitted to an international arbitral tribunal under Paragraph 3 of Article 8 of this article are:

A. Disputes concerning the amount of compensation mentioned in paragraphs 2 and 5 of Article 4 of this agreement; and

B. Other investment disputes which both contracting parties may agree to submit to an arbitral tribunal.

b. Investment disputes between companies (including state-owned companies) of the PRC and investors of the State of Kuwait shall be settled by an international arbitral tribunal in accordance with the arbitral clause

between the disputing parties. The decision made by the international arbitral tribunal shall be recognized and implemented in accordance with the laws and regulations of the PRC.

c. Article 8 of this agreement shall be applied and interpreted by the governments of the two countries on the basis of faith, trust, and mutual understanding in order to afford effective procedures for the settlement of investment disputes between investors of the contracting parties.

7. Re the Exchange of Notes:

Notes exchanged between the contracting parties shall be an integral part of this agreement.

Done in duplicate at Kuwait on 11 March 1406 of the Muslim calendar, or 23 November 1985 of the Christian calendar, in the Chinese, Arabic, and English languages, all three texts being equally authoritative. In the event of disagreement, the English text shall prevail. For the Government of the PRC

Yao Yilin (Signed)

For the Government of the State of Kuwait

Jassim Mohammed al Kharafi (Signed)

23 November 1985

Mr Yao Yilin,

Vice Premier of the Government of the PRC

Your Excellency,

I have the honor to refer to the agreement between the Government of the PRC and the Government of the State of Kuwait on the promotion and protection of investments signed today and to propose that:

The contracting parties agree that when both parties become party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened for signature at Washington on 18 March 1965 or have changed their practice in respect of international mediation or arbitration, the contracting parties shall begin negotiations on increasing the possibility of submitting investment disputes between one contracting party and investors of the other contracting party to international mediation or arbitration.

I shall be grateful if Your Excellency could favor me with a reply confirming that the above proposal is acceptable to Your Excellency's government.

May I avail myself of this opportunity to convey to Your Excellency the assurance of my highest consideration.

Jassim Mohammed al Kharafi (Signed)

Minister of Finance and Economy of the State of Kuwait

23 November 1985

Mr Jassim Mohammed al Kharafi,

Minister of Finance and Economy of the State of Kuwait

Your Excellency,

I have the honor to acknowledge receipt of Your Excellency's note of today's date which reads as follows:

"I have the honor to refer to the agreement between the Government of the PRC and the Government of the State of Kuwait on the promotion and protection of investments signed today and to propose that:

"The contracting parties agree that when both parties become party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened for signature at Washington on 18 March 1965 or have changed their practice in respect of international mediation or arbitration, the contracting parties shall begin negotiations on increasing the possibility of submitting investment disputes between one contracting party and investors of the other contracting party to international mediation or arbitration."

I have the further honor to confirm that the contents of Your Excellency's note is acceptable to the Government of the PRC.

May I avail myself of this opportunity to convey to Your Excellency the assurance of my highest consideration.

Yao Yilin (Signed)

Vice Premier of the Government of the PRC

PRC, Netherlands Agreement on Investment Protection

40050991g Beijing STATE COUNCIL BULLETIN in Chinese No 4, 1 Mar 87 pp 182-191

[Agreement Between the PRC and the Kingdom of the Netherlands on the Mutual Encouragement and Protection of Investments (17 June 1985)—The Contracting Parties Have Informed Each Other of the Completion of Their Respective Domestic Legal Procedures. This Agreement Has Entered Into Force as of 1 February 1987]

[Text] The Government of the PRC and the Government of the Kingdom of the Netherlands (hereinafter referred to as "the contracting parties"),

Desiring to extend and strengthen the economic ties between the two countries and encourage investments and to create stable and favorable conditions for such investments,

Have agreed as follows:

Article 1.

For the purposes of this agreement:

1. The term "investments" means every kind of asset employed in investments made in accordance with the laws and regulations of the contracting party admitting the investments, including, in particular:

- a. Movable and immovable property and other property rights;
- b. Shares and debentures of companies and other interests in such companies;
- c. Claims to money and other assets or to performance having a financial value;
- d. Intellectual property rights, industrial property rights, and rights related to technical process, know-how, and goodwill; and
- e. Rights conferred by law, including rights to search for, exploit, and extract natural resources, and rights to obtain a percentage of the products.

Investments made by investors of one contracting party in the territory of the other contracting party shall also include investments made by investors of one contracting party in the maritime zones or on the continental shelf where the other contracting party exercises sovereign rights or jurisdiction under pertinent international laws recognized by the contracting parties.

2. The term "investors," in respect of either contracting party, means:

- a. Natural persons having the nationality of either contracting party in accordance with its laws;
- b. Juridical persons, or partnerships not having the status of juridical persons, constituted under the laws and regulations of either contracting party.

Article 2.

Each Contracting Party shall, within the bounds of its laws and regulations, admit and encourage investments in its territory by investors of the other contracting party.

Article 3.

1. Each contracting party shall accord fair and equitable treatment to investments and investment-related activities in its territory by investors of the other contracting party.

2. The treatment referred to in Paragraph 1 of this article shall not be less favorable than that accorded to investors of any third country.

3. Each contracting party shall protect and guarantee the security of investments in its territory by investors of the other contracting party.

4. The treatment referred to in paragraphs 1 and 2 of this article shall not include favorable treatment accorded to investors of a third country by virtue of agreements relating to custom union, economic community, or similar organizations, or by virtue of agreements on the avoidance of double taxation.

5. Treatment as referred to in paragraphs 1 and 2 of this article may vary between investors who invest in free-trade areas or take part in frontier trade and investors who do not invest in such areas or who are not party to such trade. Treatment as referred to in paragraphs 1 and 2 of this article shall not include any favorable treatment in connection with taxation, fees, charges, and financial exemption and reduction accorded to investors of a third country by virtue of reciprocal favors.

Article 4.

Each contracting party shall, in accordance with its laws and regulations, and without undue restrictions and undue delay, allow the free transfer to the country of the other contracting party of amounts in connection with investment activities in the currency of the latter contracting party or in convertible currency, and of the following in particular:

1. Profit, interest, dividends and other income:
2. a. Funds for the purchase of raw and supplementary materials, semiprocessed products, or finished products;
- b. Funds for the renewal of capital assets necessary for the continuity of an investment;
3. Additional funds necessary for the development of an investment;
4. The income of employees of investors or employees of enterprises where investors have investments;
5. Proceeds resulting from the liquidation of capital;
6. Repayments of loans;

7. Handling costs; and

8. Commission.

Article 5.

1. If one contracting party is to subject investments of investors of the other contracting party to expropriation, nationalization or similar measures, it shall only do so under the following conditions:

a. That the measure taken is for a public purpose and is taken in accordance with legal procedures;

b. That the measure taken is nondiscriminatory; and

c. That the measure taken is accompanied by provisions for compensation payments.

2. Compensation as referred to in Paragraph 1 (3) of this article shall be equivalent to the value of the investment expropriated at the time of the announcement of the expropriation, and shall include interest until the date of payment. Such compensation shall be realizable and freely transferable, and shall be made without undue delay.

Article 6.

Investors of one contracting party whose investment in the territory of the other contracting party suffer losses owing to war or other armed conflicts, a state of national emergency, or similar event, shall be accorded treatment no less favorable than that accorded to investors of any third country as regards the relevant measures taken by the latter contracting party.

Article 7.

Each contracting party shall respect any commitment which it may have made to investors of the other contracting party. Such commitments shall conform to the legislation of the contracting party concerned and to the provisions of this agreement.

Article 8.

1. If the investments of an investors of one contracting party have been insured against noncommercial risks under a system stipulated in accordance with law, the other contracting party shall recognize the subrogation of the insurer or reinsurer to the rights of the said investor.

2. The insurer or reinsurer shall have no right to exercise rights which the investor is not entitled. The subrogation shall not affect the rights which the other contracting party may have in respect to the investor.

Article 9.

1. Investment disputes between one contracting party and investors of the other contracting party who have investments in the territory of the former contracting party shall, as far as possible, be settled through friendly means.

2. If such a dispute cannot be settled in accordance with the provisions of Paragraph 1 of this article within 6 months from the date either contracting party makes the request for a friendly settlement, and if the two parties have not agreed upon any other means of settlement, the investors may choose either one or both of the following means of settlement:

a. File a complaint with and seek relief from the competent administrative authorities of the contracting party which admits the investment;

b. Bring a suit in the law courts under the jurisdiction of the contracting party which admits the investment.

3. If a dispute concerning an amount of compensation to be paid after expropriation, nationalization, or other similar measures cannot be settled in accordance with the provisions in Paragraph 1 of this article within 6 months from the date either party makes the request for a friendly settlement, it shall if the investors so wish, be submitted to the law courts under the jurisdiction of the contracting party which admits the investment or to an international arbitral tribunal.

Article 10.

This agreement shall also be applicable to investments that have, prior to this agreement coming into force, been undertaken in accordance with the laws and regulations in force in the territory of the contracting party concerned.

Article 11.

Each contracting party may propose to the other contracting party the holding of consultation on any matter which may affect the implementation of this agreement. The other contracting party shall give such consultation favorable consideration and provide ample opportunities.

Article 12.

This agreement shall in no way prevent an investor of one contracting party from enjoying more favorable treatment accorded by the laws and regulations of the other contracting party where his investment is located.

Article 13.

1. Disputes between the contracting parties concerning the interpretation or application of this agreement shall, as far as possible, be settled through consultation or diplomatic negotiations.

2. If such a dispute cannot be settled in accordance with the provisions of Paragraph 1 of this article within a reasonable period, it shall, upon the request of either contracting party, be submitted to an arbitral tribunal.

3. Such an ad hoc arbitral tribunal shall be constituted by three arbitrators. Each contracting party shall appoint an arbitrator, and the two arbitrators thus appointed shall jointly appoint as the chairman a national of a third country which has diplomatic ties with the contracting parties.

4. If either contracting party cannot make the appointment or have not set about appointing its arbitrator within 2 months from the date the other contracting party makes the request to make such an appointment, the latter may request the president of the International Court of Justice to make the necessary appointment.

5. If these two arbitrators cannot agree upon the choice of the third arbitrator within 2 months of their own appointment, either contracting party may, in the absence of any other arrangements between the contracting parties, request the president of the International Court of Justice to make the necessary appointment.

6. Subject to the provisions of paragraphs 4 and 5 of this article, the vice president shall be invited to make the necessary appointment if the president of the International Court of Justice is otherwise prevented from discharging the said function or is a national of either contracting party. If the vice president is otherwise prevented from discharging the said function or is a national of either contracting party, the member of the said court next in seniority who is not a national of either contracting party shall be invited to make the necessary appointment.

7. The arbitral tribunal shall determine its own procedures unless otherwise agreed upon by the contracting parties.

8. The arbitral tribunal may, at any stage of the arbitral procedure, advise the two parties to settle their dispute in a friendly way before making its decision. The arbitral tribunal shall make its decision on the basis of the provisions of this agreement, the relevant domestic laws, agreements concluded between the two parties, and general principles of international law.

9. The arbitral tribunal shall reach its decision by majority vote. The decision shall be final and binding on the contracting parties. The arbitral tribunal shall, when

making its decision, state the legal basis of such a decision, and shall at the request of either contracting party make known the various considerations leading to its decision.

10. Each contracting party shall bear the cost of its arbitrator. The cost of the chairman and the relevant costs of the ad hoc arbitral tribunal shall be borne in equal parts by the contracting parties.

Article 14.

In respect of the Kingdom of the Netherlands, this agreement shall be applicable only to the European part of the kingdom.

Article 15.

1. This agreement shall enter into force on the first day of the second month from the date when the contracting parties have completed the necessary domestic procedures and informed each other in writing, and shall remain in force for a period of 10 years.

2. This agreement shall be automatically extended for a further period of 5 years unless either contracting party gives its notice of termination at least 6 months prior to the termination of this agreement. The contracting parties reserve the right to give notice of termination of this agreement at least 6 months before the expiry of any period of validity.

3. In respect of investments made whilst this agreement is in force, the above provisions of this agreement shall continue to be in effect for a period of 15 years after the date of termination.

In witness whereof, the undersigned, duly authorized thereof by the contracting parties, have signed this agreement.

Done in duplicate at the Hague on 17 June 1985 in the Chinese, Dutch, and English languages, all texts being equally authoritative. In the event of disagreement over interpretation, the English text shall prevail. For the Government of the PRC

Wu Xueqian (Signed)

For the Government of the Kingdom of the Netherlands

Hans van den Broek (Signed)

Protocol

On signing the agreement between the PRC and the Kingdom of the Netherlands on the mutual encouragement and protection of investments, the undersigned plenipotentiaries of the contracting parties have agreed on the following provisions as an integral part of the agreement:

1. Re Article 1.:

"Investments" mentioned in Paragraph 1 of Article 1 shall include investments owned or controlled by investors of one contracting party in investments made by juridical persons of a third country in the territory of the other contracting party under the laws and regulations of the latter contracting party. The relevant provisions of this agreement shall be applicable only when the said third country is not entitled to or has relinquished its claims to compensation after the expropriation of the said investments by the other contracting party.

This agreement shall also be applicable to reinvestments made by investors of one contracting party in the territory of the other contracting party in accordance with the laws and regulations of the latter contracting party.

2. Re Article 3.:

a. Investment-related activities refer to the management, maintenance, use, enjoyment, or disposal of investments by the investor.

3. Re Article 9.:

a. If an investor chooses to submit a dispute to an international arbitral tribunal under Paragraph 3 of Article 9, the said dispute shall be submitted to an ad hoc arbitral tribunal.

b. The said arbitral tribunal shall be constituted by three arbitrators. Each party shall appoint an arbitrator; the two arbitrators shall jointly appoint as the chairman a national of neither contracting party. The arbitrators shall be appointed within 2 months of the receipt of the request for arbitration. The chairman shall be appointed within 3 months of the appointment of the second arbitrator.

c. If within the periods specified above an appointment has not been made, either party may request the president of the Institute of Arbitration of the Stockholm Chamber of Commerce to make the necessary appointment.

d. The arbitral tribunal shall determine its procedures with reference to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened for signature at Washington on 18 March 1965.

e. The arbitral tribunal shall make its decision on the basis of the provisions of this agreement, relevant domestic laws, and the principles of international law accepted by the contracting parties.

f. The arbitral tribunal shall reach its decision by majority vote. Such decision shall be final and binding on both parties. The arbitral tribunal shall, at the request of either party, state the legal basis of its decision and make known the various considerations leading to its decision.

g. Each party shall bear the cost of its arbitrator. The cost of the chairman and the relevant costs of the tribunal shall be borne in equal parts by both parties.

Done in duplicate at The Hague on 17 June 1985 in the Chinese, Dutch, and English languages, all texts being equally authoritative. In the event of disagreement over interpretation, the English text shall prevail.

For the Government of the PRC

Wu Xueqian (Signed)

For the Government of the Kingdom of the Netherlands

Hans van den Broek (Signed)

The Hague 17 June 1985

Mr Wu Xueqian,

Foreign Minister of the PRC

Your Excellency,

I have the honor to refer to the agreement between the Kingdom of the Netherlands and the PRC on the mutual encouragement and protection of investments signed today and to propose that:

The contracting parties agree that when both parties becomes party to the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States opened for signature at Washington on 18 March 1965 or have changed their practice in respect of international mediation and arbitration, the contracting parties shall begin negotiations on increasing the possibility of submitting investment disputes between one contracting party and investors of the other contracting party to international mediation or arbitration.

I shall be grateful if Your Excellency could favor me with a reply confirming that the above proposal is acceptable to Your Excellency's government.

May I avail myself of this opportunity to convey to Your Excellency the assurance of my highest consideration.

Hans van den Broek (Signed)

Minister of Foreign Affairs of the Kingdom of the Netherlands

The Hague 17 June 1985

Mr Hans van den Broek,

Minister of Foreign Affairs of the Kingdom of the Netherlands

Your Excellency,

I have the honor to acknowledge receipt of Your Excellency's Note of today's date which reads as follows:

"I have the honor to refer to the agreement between the Kingdom of the Netherlands and the PRC on the mutual encouragement and protection of investments signed today and to propose that:

"The contracting parties agree that when both parties become party to the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States opened for signature at Washington on 18 March 1965 or have changed their practice in respect of international mediation and arbitration, the contracting parties shall begin negotiations on increasing the possibility of submitting investment disputes between one contracting party and investors of the other contracting party to international mediation or arbitration.

"I shall be grateful if Your Excellency could favor me with a reply confirming that the above proposal is acceptable to Your Excellency's government."

I have the further honor to confirm that the contents of the note is acceptable to the Government of the PRC.

May I avail myself of this opportunity to convey to Your Excellency the assurance of my highest consideration.

Wu Xueqian (Signed)

Minister of Foreign Affairs of the PRC

END

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